

How can a luxury hotel go green; Creating a sustainable value chain and brand –Chiva-som, Thailand

Jihye Choung*

*JunHye Corporation, South Korea¹

Abstract

Sustainability, Social Responsibility, and Innovation became one critical imperative of all business sectors. Especially sectors like hotel and tourism require an energy-intensive operation. The environmental sustainability initiatives of corporates are now influencing consumer choices and decisions(Carcano, 2013). The case describes how Chiva-som, a luxury spa resort, implemented environmental suitability practices and Corporate Social Responsibility (CSR) initiatives. This case examines (a) the emergence of an organizational culture anchored on sustainable development, and (b) the environment management and social and community development strategies/programs at Chiva-som,(c) HR practices that supported the implementation of sustainable practices.

Keywords: *sustainable value chain, CSR initiatives, tourism and hospitality*

1. Introduction

Sustainability, Social Responsibility, and Innovation became one critical imperative of all business sectors. Especially sectors like hotel and tourism require an energy-intensive operation. Conventional practices in the hospitality industry create more awareness and consciousness of the negative environmental consequences(Akhtar, 2020). The standard eco-friendly sign that is put in each hotel room about how the hotel will save water

1 Jihye Choung is the COO at JunHye Corporation. E-mail: Jihye.choung@gmail.com

and energy by not changing sheets and towels is no longer desirable green marketing. Although there has been increasing pressure on companies to pay more attention to the environmental and resource consequences, corporate practices and approaches are still limited and often dissonant with value chains.

The luxury travel market is the fastest-growing segment of the travel industry(Demir & Sariba, 2014). It has no doubt that the high level of comfort, exclusivity, and service are still the key elements. The sustainable practice of the corporate is playing an important role. Many consumers feel that staying in “green” hotels can have an adverse effect on the comfort and luxury aspects that hospitality has to offer as an experience. Amatulli et al. show that sustainability-focused communication (versus customer service-focused) in the context of luxury hospitality leads to a higher willingness to book a room because it enhances consumers’ perception of the luxury hotel’s integrity(Peng & Chen, 2019). The environmental sustainability initiatives of corporates are now influencing consumer choices and decisions(Carcano, 2013). The credibility of a place that is and promotes itself as sustainable has been highlighted by several authors as one of the motivations of customers to choose their holiday location. According to the International Hotels Environment Initiative (IHED), a study shows that 90% of hotel guests prefer to stay in an environmentally friendly hotel(Kularatne, et al., 2019). Chan et al. say that hotel customers, especially those who are environmentally friendly, are increasingly demanding environmentally designed sustainable hotels, while some customers are willing to pay a higher price for sustainable hotel facilities(Chan, et al., 2017).

Especially in the tourism and hospitality industry, nature and conditions of the social, economic, natural, and cultural environment performance are closely related and affect each other. The value chain, in this context, is defined as a responsible and sustainable approach to business practices in the full corporate cycle. Corporate practice of environmental and social sustainability creates both tangible and intangible benefits

for all players in the value chains; from imminent financial and economic goals to individuals and families of the local community(Mattera & Moreno-Melgarejo, 2012).

The case describes how Chiva-som, a luxury spa resort, implemented environmental suitability practices and Corporate Social Responsibility (CSR) initiatives. This case examines (a) the emergence of an organizational culture anchored on sustainable development, and (b) the environment management and social and community development strategies/programs at Chiva-som,(c) HR practices that supported the implementation of sustainable practices. Information and data are collected from interviews, document analysis, and observation.

2. Chiva-som

Chiva-som is an International Health Resort, that spreads across seven acres of beachfront in the city of Hua Hin(Figure 1), Thailand.



Figure 1. Chiva-som hotel and resort

(Source: <https://www.chivasom.com>)

The Premise was initially built as a weekend retreat home for family and friends of the founder, Boonchu Rojanastien, a former Thai deputy prime minister. In 1993 he remodeled the original property and transformed it into a medical spa resort. The

hotel's standard room rate per night is THB 68000 (eq. of USD 1900 in 2022) and allows minimum stays of 3 nights or longer. There is a total of 54 rooms and the average room occupancy rate is high even in the low season. The returning customer rate is 70%. This evidently shows the popularity of this premium spa resort(Chivasom, 2022).

On arrival, every guest is assigned a health & wellness advisor (a qualified naturopath practitioner) who examines, personalizes, and curates the holistic healthy living programs based on the condition, nutrition guidelines, needs, and interests of each guest. Offering approximately 200 treatments and activities (including Spa, Holistic, Fitness, Physiotherapy, and Niranlada Medi-Spa) with 80 qualified doctors, paramedics, and therapists.

3. Organizational culture on sustainable development

Chiva-som is a resort that practices and supports long-term environmental, social, and community development programs from the early period that goes back to 1995 and aligns with the branding and the philosophy of the hotel. Retreats, treatments, activities, and nutrition are the four pillars of the Chiva-Som brand. The resort emphasizes that personal wellness goes hand-in-hand with environmental wellness and that companies should conduct themselves using responsible and ethical business practices, policies, and initiatives. Chiva-Som's ethos of sustainability is integrated into every facet of its operations and educates visitors and encourages guests to part take in a healthy sustainable lifestyle(Chiva-som, 2022).

4. The environmental management and social and community development initiatives program

4.1 The long-term environmental projects

The resort is involved in various ecosystem preservation projects with the city municipal, local institutions, and organizations. i.e. cultivating mangroves, water irrigation & conservation, and waste management of the city. For instance,

the rehabilitation and restoration of the mangroves project is a 15-year ongoing project with the city stakeholders from preservation activities to data collection, research, donation, fundraising, and knowledge sharing(Chiva-som, 2020).

4.2 Creating a sustainable farming cycle for the environment and the local community

The resort's organic farm and the local producers are the main sources of the resort's food supply(Figure 2-3). A team of farming experts developed organic eco-friendly farming and conducts training sessions on plant propagation for the resort staff, members of the local community, and guests who are interested in green farming are welcome to join. It also offers special wellness courses and workshops to alleviate education and skills that support financial independence(Chiva-som, 2021).

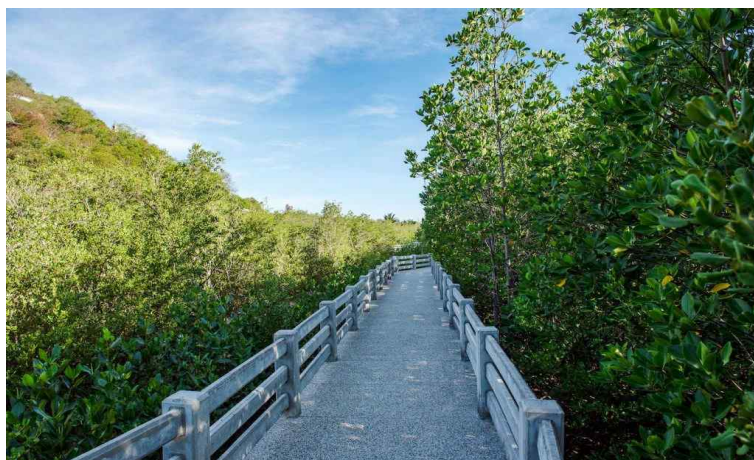


Figure 2. Chiva-som's mangrove forest
(Source: <https://www.chivasom.com>)

The resort's business development activities and messages show a clear and long-term link between business development decisions, sustainability, and health. Advocating energy efficiency, committing to incorporating environmental policies, managing

human resources, and providing environmental education to its employees to generate a “positive impact on society and the environment” through interactions with key stakeholders such as employees, customers, investors, the local government, and the community.



Figure 3. Chiva-som's organic farm
(Source: <https://www.chivasom.com>)

5. Conclusion

The initiatives and practices of shared values improve Chiva-som's brand reputation and competitiveness while promoting sustainable social, environmental, and economic goals to the communities and the stakeholders. Hotels recognize that adopting green practices is not only ethical but also beneficial in reducing costs, enhancing branding, and creating market differentiation. However, Some companies find it difficult to commit to these sustainable practices because they are up for short-term cost benefits and the survival of business in day-to-day operations(Golini et al., 2014).

As Golini(2014) states the adoption of environmental and social programs is complex, and the implementation of sustainability programs is more than just a technical process that requires

redesigning organizations according to organizational capabilities as social and environmental programs are expensive and long-term investments.

Obviously, high-end spa resorts are catered to different customer segments in the hospitality industry and the sustainability practices and the green-hotel model of Chiva-som may not be instantly applicable or adaptable to other hospitality corporations, as the priority decisions and the organizational culture are different. Feasible sustainable actions and indications are where all corporations need to set their foot.

References

Akhtar, A. H. N. (2020). Environmental sustainable practices in the hotels: from existence to implementation. *Eco. Env. & Cons*, 26(1):2020, 111-116.

Carcano, L. (2013). Strategic management and sustainability in luxury companies: The IWC case. *J. Corp. Citizsh*, 36-54.

Chan, E. S., Okumus, F., & Chan, W. (2017). The applications of environmental technologies in hotels. *J. Hosp. Mark Management*, 26, 23-47.

Chiva-som sustainability newsletter Ed.03, q4. (2020). Chiva-som. https://www.chivasom.com/sites/default/files/sustainability_newsletter-edi.03-q4-2020.pdf

Chiva-som sustainability newsletter Ed.04, q1-2. (2021). Chiva-som. https://www.chivasom.com/sites/default/files/sustainability_newsletter-edi.04-q1-q2-2021.pdf

Demir, C. & Sarıba, S. Ö. (2014). Luxury tourism in Turkey. *Int. J. Contemp. Econ. Adm. Sci*, 4, 1-20.

Golini, R., Longoni, A. & Cagliano, R. (2014). Developing sustainability in global manufacturing networks: The role of site competence on sustainability performance. *Int. J. Prod. Econ*, 147, 448-459.

Kularatne, T., Wilson, C., Månsson, J., Hoang, V., & Lee, B. (2019). Do environmentally sustainable practices make hotels

more efficient? A study of major hotels in Sri Lanka. *Tour. Manag.* 71, 213–225.

Mattera, M. & Moreno-Melgarejo, A. (2012). Strategic implications of corporate social responsibility in hotel industry: A comparative research between NH hotels and Meliá hotels international. *High Learn. Res. Commun.* 2, 37–53.

Peng, N. & Chen, A. (2019). Examining consumers' luxury hotel stay repurchase intentions-incorporating a luxury hotel brand attachment variable into a luxury consumption value model. *Int. J. Contemp. Hosp. Manag.* 31, 1348–1366.

Chiva-som (www.chivasom.com)